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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

_____

Ex parte NOEL TENORIO

_____

Appeal 2008-1659
Application 09/750,617
Technology Center 3600

_____

Decided: August 11, 2008

_____

Before LINDA E. HORNER, ANTON W. FETTING, and
JOSEPH A. FISCHETTI, *Administrative Patent Judges*.

HORNER, *Administrative Patent Judge*.

DECISION ON APPEAL

STATEMENT OF THE CASE

Noel Tenorio (Appellant) seeks our review under 35 U.S.C. § 134 of

the final rejection of claims 1-70. We have jurisdiction under 35 U.S.C.

§ 6(b) (2002).

SUMMARY OF DECISION

We AFFIRM-IN-PART.

THE INVENTION

The Appellant's claimed invention relates to a system and method for negotiating using improved matching criteria (Spec. 1:7-8). Claim 1, reproduced below, is representative of the subject matter on appeal.

> 1.   A computer-implemented system for conducting an automatic negotiation, comprising:
>
>   a database operable to store profiles for parties to the negotiation, each profile specifying values for one or more parameters being negotiated, these values reflecting a desirable outcome of the negotiation for the associated party; and
>
>   a matching server operable to:
>
>   access an offer from a first party containing values for one or more of the parameters being negotiated;
>
>   compute a distance between the values in the offer and the values in the profile of a second party;
>
>   if the distance is acceptably small, cause the offer to be accepted by the second party to conclude the negotiation; and
>
>   if the distance is not acceptably small, automatically modify one or more values in the offer such that the distances between the modified offer and the profiles of the first and second parties are acceptably small

> simultaneously and, in response, cause the
> modified offer to be accepted by both the
> first and second parties to conclude the
> automatic negotiation.

THE REJECTIONS

The Examiner relies upon the following as evidence of

unpatentability:

May	US 2002/0116317 A1	Aug. 22, 2002
Li	US 2003/0004850 A1	Jan. 2, 2003

The following rejections are before us for review:

1. Claims 1-4, 8-21, 25-37, 41-54, and 58-70 are rejected under
   35 U.S.C. § 102(e) as anticipated by May.

2. Claims 5-7, 22-24, 38-40, and 55-57 are rejected under 35 U.S.C
   § 103(a) as unpatentable over May and Li.

ISSUES

The issues before us are whether the Appellant has shown that the

Examiner erred in rejecting claims 1-4, 8-21, 25-37, 41-54, and 58-70 as

anticipated by May and claims 5-7, 22-24, 38-40, and 55-57 as unpatentable

over May and Li. These issues turn, in part, on whether May discloses

automatically modifying values in an offer such that the distances between

the modified offer and the profiles of first and second parties to the

negotiation are acceptably small simultaneously.

FINDINGS OF FACT

We find that the following enumerated findings are supported by at least a preponderance of the evidence. *Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Office).

1.   May discloses systems and methods for electronic trading of financial instruments, such as derivatives (May 1:¶0002).

2.   May discloses that dealers in the system can enter credit preferences (i.e., a profile), which preferences are methods or rules selected by the user to use to screen prices (bids or offers) and trades (May 11:¶0188).

3.   May discloses that even if there is not a market in a desired instrument, an end-user (client) may create a market for the instrument by initiating a reverse auction by sending out a Request-For-Price (RFP) to selected dealers and posting either a bid or an offer in the desired instrument (May 30:¶0374).

4.   The RFP contains the client's values (e.g., price) for a parameter being negotiated.

5.   The RFP is filtered using the dealers' credit preferences and, if proper credit for the sender is validated, the system sends out the RFP to all selected dealers (May 30:¶¶0375-0377).

6.   A dealer can then elect to respond to the RFP by submitting a change to the bid (e.g. counteroffer) (May 30:¶0377).

7.   The system presents the counteroffer to the client, and the client can decide to execute at the counteroffer price or negotiate. In the event the client decides to negotiate, messages continue to be exchanged between the client and the dealer until they reach an agreement on price (May 30:¶0378).

8.   As such, May's system allows the client and dealer to modify values in the offer to negotiate toward a mutually-acceptable distance between the modified offer and the profiles of the client and dealer.

9.   May does not disclose that its system automatically modifies one or more values in an offer such that distances between the modified offer and profiles of the client and dealer are acceptably small simultaneously.

10.   Li also relates to the management of an on-line auction (Li 1:¶0001).

11.   Li describes that in a reverse auction, a buyer submits a request-for-quotation (RFQ) to prospective suppliers, the suppliers submit bids in response to the RFQ, and if the constraints imposed by the buyer and the constraints imposed by a particular seller are met, a transaction between the parties is feasible (Li 1:¶¶0005-0006).

12.   Li describes that in a typical auction, there will be numerous suppliers for which a transaction is feasible and the buyer must then determine the optimal award schedule, i.e., the optimal

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combination of suppliers together with the list of items to be ordered from each supplier (Li 1:¶0006).

13. Li's system determines the optimal award schedule by taking into account the weight assigned by the buyer to a performance attribute (i.e., quality) and the value of the performance attribute for a particular candidate supplier and assigning a performance penalty (Li 2:¶0018).

14. In particular, the optimization engine calculates individualized performance penalties for each performance attribute for a supplier and sums these penalties for each supplier according to that attribute's assigned weight (Li 9:¶0141).

15. The optimization engine then determines an optimal award schedule by minimizing an objective function subject to the buyer and seller constraints, taking into account the price offered by that supplier and a penalty associated with the supplier's performance in any buyer-specified performance attributes (Li 9:¶0143).

16. Thus, Li uses an optimization process that compares the suppliers' bids to the buyer's rules and constraints and ranks each supplier based on the distance between each supplier's offer (profile values) and the buyer's rules and constraints (profile values) using the sum of the weighted distances for each parameter.

PRINCIPLES OF LAW

"A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described, in a single prior art reference." *Verdegaal Bros. v. Union Oil Co. of California*, 814 F.2d 628, 631 (Fed. Cir. 1987).

"Section 103 forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'" *KSR Int'l Co. v. Teleflex Inc.*, 127 S. Ct. 1727, 1734 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any differences between the claimed subject matter and the prior art, (3) the level of skill in the art, and (4) where in evidence, so-called secondary considerations. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18 (1966). *See also KSR*, 127 S. Ct. at 1734 ("While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.")

ANALYSIS

Rejection of claims 1-4, 8-21, 25-37, 41-54, and 58-70 under 35 U.S.C. § 102(e) as anticipated by May

The Appellant contends the Examiner erred in rejecting claim 1 as anticipated by May, because "[n]o disclosure of a server that automatically

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modifies values in an offer, causes the modified offer to be accepted, and conclude[s] an automatic negotiation was found in May" (App. Br. 8). We agree. Specifically, we find that while May's system allows the client and dealer to modify values in the offer to negotiate toward a mutually-acceptable distance between the modified offer and the profiles of the client and dealer (Fact 8), May does not disclose that its system automatically modifies one or more values in the offer (Fact 9). As such, we will not sustain the rejection of independent claim 1 or its dependent claims 2-4 and 8-15.

The Appellants further contend that "[w]ith respect to independent claims 16, 17, 18, 33, 49, 50, 66, 67, 68, 69, 70, each of these claims includes limitations similar to those discussed above in connection with claim 1" (App. Br. 8). We agree that independent claims 16, 17, 18, 66, 67, and 68 each requires, similar to claim 1, automatically modifying one or more values in the offer such that the distances between the modified offer and the profiles of the first and second parties are acceptably small simultaneously. For the same reasons provided in our analysis of claim 1, we will also not sustain the rejection of independent claims 16, 17, 18, 66, 67, and 68, and corresponding dependent claims 19-21 and 25-32.

Independent claims 33, 49, 50, 69, and 70 are broader in scope than claim 1 with respect to the argued limitation, because these claims do not require the modification of the offer to occur automatically. For example, independent claim 33, directed to software, requires only that the software is operable to modify one or more values in the offer. This language is broad

enough to cover software that is programmed to allow one of the parties to make the modification, as it does not require that the modification is made "automatically." May discloses allowing the parties to modify the offer on-line until they reach a mutually-acceptable agreement (Facts 1-8). As such, the Appellant has failed to persuade us of error in the Examiner's rejection of independent claims 33, 49, 50, 69, and 70 under 35 U.S.C. § 102(e) as anticipated by May. The Appellant's argument as to the legal standard applied by the Examiner (App. Br. 9; Reply Br. 7) is moot in view of the fact that the Appellant's argument for independent claims 33, 49, 50, 69, and 70 is not commensurate in scope with the claimed invention.

The Appellant further argues that May is not properly citable as prior art under 35 U.S.C. § 102(e), because the Examiner declined to make a showing that the provisional application, on which May relies for its priority claim, properly supports the subject matter relied upon by the Examiner to make the rejection in compliance with 35 U.S.C. § 112, first paragraph (App. Br. 9). The issue boils down to one of burdens of proof. The Appellant is arguing that the Examiner must make a showing of where support can be found in the provisional application prior to the Appellant presenting a specific challenge to the priority claim of the reference. We need not reach this issue, however, because the Examiner did provide a showing on page 11 of the Answer. The Appellant's Reply Brief is conspicuously silent as to any challenge to this showing. As such, the Appellant has waived any argument that the Examiner's reliance on May as prior art is improper.

The Appellant has failed to persuade us of error in the Examiner's rejection of independent claims 33, 49, 50, 69, and 70 as anticipated by May. The Appellant does not present any arguments for the separately patentability of dependent claims 34-37, 41-48, 51-54 and 58-65. As such, these claims fall for the same reasons as their respective independent claims.

Rejection of claims 5-7, 22-24, 38-40, and 55-57 under 35 U.S.C. § 103(a) as unpatentable over May and Li

Claims 5-7 and 22-24 depend from independent claims 1 and 18, respectively. As we found *supra*, May fails to anticipate claims 1 and 18. The Examiner did not rely on Li to teach automatically modifying one or more values in an offer. Thus, the Examiner has failed to set forth a prima facie case of obviousness of claims 5-7 and 22-24.

Claims 38-40 and 55-57 depend from independent claims 33 and 50, respectively. As we found *supra*, May anticipates claims 33 and 50. As such, we must examine the Appellant's arguments with respect to patentability of these corresponding dependent claims.

The Appellant argues that "the proposed combination of May and Li fails to disclose or suggest the specific way in which distance is calculated according to claim 5, where 'distance' is a distance between values in an offer from a first party and values in a profile of a second party" (App. Br. 10).[1] We disagree. Li discloses an optimization process that compares

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[1] The Appellant relied on these same arguments for patentability of claims 38-40 and 55-57 (App. Br. 11).

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suppliers' bids to a buyer's rules and constraints and ranks each supplier based on the distance between each supplier's offer (profile values) and the buyer's rules and constraints (profile values) using the sum of the weighted distances for each parameter (Facts 10-16).

The Appellant further argued that the Examiner failed to provide proper motivation for combining the teachings of May and Li (App. Br. 11). The Examiner found motivation to combine "in the fact that both May and Li disclose and suggest auction management systems in which parameters are used in negotiation; however, May is silent as to formulas that may be used in determining which offers to accept and reject" (Ans. 10). We agree that both May and Li relate to auction management systems (Facts 1 and 10). We also find the Examiner's explanation of motivation to combine is a reasonable articulation of why one having ordinary skill in the art at the time of the invention would have had a reason to employ Li's optimization process in May's system. In particular, Li's optimization system provides a specific way to sift through numerous potential suppliers who have responded to an RFQ in order to provide a client, in an automated fashion, with a preferred list of suppliers, rather than requiring the client to sift through all of the possible suppliers itself (Facts 11-15). May's system similarly allows a client to send out an RFP and receive counteroffers from multiple bidders (suppliers). As such, Li's optimization process for determining an optimal award between competing suppliers would provide an obvious improvement to May's system and would be a predictable use of Li's optimization engine according to its established function. *See KSR*, 127

S. Ct. at 1740 ("[I]f a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill.") As such, the Appellant has not persuaded us of error in the Examiner's rejection of claims 38-40 and 55-57 as unpatentable over May and Li.

CONCLUSIONS

We conclude the Appellants have shown that the Examiner erred in rejecting claims 1-4, 8-21, 25-32, and 66-68 under 35 U.S.C. § 102(e) as anticipated by May and claims 5-7 and 22-24 under 35 U.S.C. § 103(a) as unpatentable over May and Li. The Appellants have not shown that the Examiner erred in rejecting claims 33-37, 41-54, 58-65, 69, and 70 under 35 U.S.C. § 102(e) as anticipated by May and claims 38-40 and 55-57 under 35 U.S.C. § 103(a) as unpatentable over May and Li.

DECISION

The decision of the Examiner to reject claims 1-32 and 66-68 is reversed. The decision of the Examiner to reject claims 33-65, 69, and 70 is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R. § 1.136(a)(1)(iv) (2007).

AFFIRMED-IN-PART

FISCHETTI, *Administrative Patent Judge*, concurring in result.

Appellant seeks the disqualification of May as a reference because, according to Appellant as set forth in its Appeal Brief on pages 9 and 10, the Examiner had relied on the provisional dates for May which Appellant asserts would not allow May as a reference if the provisional applications do not support the written description requirement of 35 U.S.C. § 112, first paragraph, and that the burden is on the Examiner to make such a showing. Prior to this, the record reveals that the first instance of any substantive challenge to the provisional dates of the May reference occurred on page 2 of an after final Response filed on October 14, 2005.

The prosecution history further reveals that the Examiner at the onset, beginning with the first action, based the rejections on the merits of the claims in this application using May US 2002/0116317. Specifically, starting with the first office action dated December 16, 2004, claims 1-4, 8-21, 25-37, 41-54, and 58-70 were rejected under 35 U.S.C. § 102(e) as being anticipated by May, and claims 5-7, 22-24, 38-40, and 55-57 were rejected under 35 U.S.C. § 103(a) as being unpatentable over May in view of Li. Appellant responded by a Response dated April 22, 2005, listing, *inter*

alia, a litany of elements starting on page 24 and ending on page 28 directed

to the legal standards for anticipation under 35 U.S.C. § 102, one of which

standards included noting that a prior publication must be complete,

enabling and meaningful. However, such mere boilerplate listing of the

constituent parts of a statute cannot qualify as a response under

37 C.F.R. § 1.111. 37 C.F.R. § 1.111 (b) states, in pertinent part, that any

such challenge must be

> …reduced to a writing which distinctly and
> specifically points out the supposed errors in the
> examiner's action and must reply to every ground
> of objection and rejection in the prior Office
> action. The reply must present arguments pointing
> out the specific distinctions believed to render the
> claims, including any newly presented claims,
> patentable over any applied references.

Since the Response dated April 22, 2005 failed to challenge the Examiner's

use of the provisional dates distinctly and specifically, the Response dated

April 22, 2005 did not contain any challenge to the May provisional dates.

However, in the after final Response dated October 14, 2005

Appellant did raise the issue with somewhat more particularity. Even if this

challenge were found to be sufficiently specific and definite as required

under 37 C.F.R. § 1.111 (b), it was waived nonetheless under

37 C.F.R. § 1.111 (a)(1) because it was untimely presented.

37 C.F.R. § 1.111 (a)(1) states in pertinent part that if

> …after the first examination (§ 1.104) is adverse in
> any respect, the applicant or patent owner, if he or
> she persists in his or her application for a patent or

> reexamination proceeding, must reply and request
> reconsideration or further examination, with or
> without amendment. See §§1.135 and 1.136 for
> time for reply to avoid abandonment.

The language of the rule is clear, if one wants to persist (meaning follow-up without discontinuity) in prosecuting an application, then the applicant must reply to the adverse point in the reply immediately following the action which contained the adverse point. Since Applicant's response was a bona fide effort to advance prosecution but contained no challenge to the provisional dates of May, prosecution continued to be advanced, but only as to those issues responded to under the provisions of 37 C.F.R. § 1.111. Appellant thus waived its challenge to the provisional date issue at this point.

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